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2014-15 Revised Budget - Administrative Hearings

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Mission:

The Office of Administrative Hearings (OAH) strives to provide a fair, efficient, professional and high-quality set of hearing services in administrative proceedings.

Statewide Outcome(s):

Administrative Hearings, Office of supports the following statewide outcome(s).

Efficient and accountable government services.

Context:

The OAH is an independent tribunal within the executive branch. The OAH conducts hearings when state or local law provides the right to challenge a government action through an administrative hearing. OAH services are an important part of the state's guarantee of "due process of law."

For example, the judges of the OAH conduct hearings in cases involving:

- discipline of professionals licensed by the state;
- rulemaking by state agencies;
- regulation of Minnesota utilities;
- claims of campaign practice violations;
- special education disputes; and,
- claims to workers' compensation benefits.

OAH offers a wide-range of dispute-resolution services, namely:

- providing persons that are adversely affected by certain government actions with a full and fair opportunity to challenge those actions;
- ensuring that agency rules and rulemaking proceedings conform to the law and allow the widest- possible public participation in the formulation of agency rules;
- acting on petitions for orders for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property;
- assisting parties to resolve their differences through settlement, arbitration, and mediation; and
- providing injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits.

The **Administrative Law Division** meets the administrative hearing needs of most state agencies and a number of local governments. The subject matter of "contested case" proceedings varies widely among the 120 agencies that present disputes for resolution. Accordingly, the division deploys a highly-experienced team of generalist judges to locations across the state to conduct hearings and resolve disputes. The division is funded by a special revenue revolving fund, and does receive a biennial appropriation from the general fund to the general account of the state elections campaign fund.

The **Municipal Boundary Adjustment Unit** administers the uniform system of municipal boundary adjustments required by M.S. Chapter 414. An Assistant Chief Administrative Law Judge issues orders on petitions for creation or dissolution of municipalities or for alterations of municipal boundaries through consolidation, annexation, or detachment of real property. The unit is funded through an annual appropriation from the general fund.

The **Workers Compensation Division** conducts pre-trial and trial functions associated with petitions for workers' compensation benefits. Those functions include ruling on motions, conducting settlement and pre-trial conferences, conducting trials, and issuing awards and final decisions. The division is funded from the Special Compensation Fund through a biennial appropriation.

Strategies:

To clearly and correctly resolve disputes in the fewest number of days and to provide quality services to resolve cases within timelines set in statute; to increase the number of agencies and local units of governments that utilize the OAH's services; to improve in the quality and clarity of written decisions; and to improve access to information on municipal boundary adjustments.

Results:

Performance Measures	Previous	Current	Trend
Days for Administrative Law Judge to issue written opinion after closure of record (within 90 days)	27	22	Improving
Days for a Compensation Judge to issue order on a request to discontinue benefits (within 5 days)	6	2.5	Improving
Days for Compensation Judge to issue order on medical or rehabilitation requests (within 30 days)	19	12.5	Improving
Days for Compensation Judge to issue final decisions after record closes (within 60 days)	38	39	Stable

Performance Measures Notes:

1. The previous measures reflect performance in Fiscal Year 2011, and the current measures reflect performance in Fiscal Year 2012.
2. Other OAH performance goals include:
 - a. To increase the number of local units of governments using our services.
 - b. To reduce the amount of time that judge-reviewers spend on peer review tasks.
 - c. To expand the range of case-related data accessible to the public.
 - d. To expand the outreach to citizens of Minnesota as it relates to municipal boundary adjustments.

Administrative Hearings, Office of
Current, Base and Governor's Recommended Expenditures - Rev
(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$638	\$18,486		\$19,124
Current Law Expenditures (FY 2014-15)	\$638	\$18,366		\$19,004
Governor's Recommended Expenditures (FY2014-15)	\$734	\$18,491		\$19,225
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$96	\$125		\$221
% Change from FY 2014-15 Current Law to Governor's Rec	15%	1%		1%

**Administrative Hearings, Office of
Sources and Uses**

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
BALANCE FORWARD IN		\$367		\$367
REVENUE		\$3,837		\$3,837
TRANSFERS IN		\$125		\$125
APPROPRIATION	\$734	\$14,500		\$15,234
SOURCES OF FUNDS	\$734	\$18,829		\$19,563
BALANCE FORWARD OUT		\$337		\$337
EXPENDITURES	\$734	\$18,491		\$19,225
PAYROLL EXPENSE	\$332	\$14,979		\$15,311
OPERATING EXPENSES	\$402	\$3,512		\$3,915
USES OF FUNDS	\$734	\$18,828		\$19,562

Administrative Hearings, Office of

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Campaign Violations Deficiency Request - New

The Governor recommends \$60,000 to cover a deficiency at the Office of Administrative Hearings due to the costs of campaign violation cases exceeding the current appropriation. This is a one-time increase in funding.

Performance Measures:

The OAH expects the current funding to be depleted by January of 2013.

General Fund	Expenditure	60	0	60	0	0	0
	Net Change	60	0	60	0	0	0

Change Request: Data Practices

The Governor recommends increased funding to the Office of Administrative Hearings (OAH) for FY 2013 costs related to hearing data practices cases because the filing fees for these cases were not sufficient to cover the costs of hearing the cases.

Performance Measures:

The OAH and key stakeholders continue to work on developing a long-term solution that addresses a sufficient funding source for the hearing costs related to data practices cases.

General Fund	Expenditure	36	0	36	0	0	0
	Net Change	36	0	36	0	0	0

Sanitary District Formation

The Governor recommends transferring from the Pollution Control Agency (MPCA) to the Office of Administrative Hearings (OAH) the authority and funding to establish sanitary districts

Performance Measures:

Transferring this authority to the Office of Administrative Hearings (OAH) will standardize and simplify the process for local governments as OAH is responsible for administering the state's uniform system for city boundary adjustments.

Other Funds	Expenditure	75	50	125	50	50	100
Other Funds	Transfers In	75	50	125	50	50	100
	Net Change	0	0	0	0	0	0
Net All Change Items	General Fund	96	0	96	0	0	0
	Other Funds	0	0	0	0	0	0
	Net Change	96	0	96	0	0	0

Administrative Hearings, Office of
All Funds FTE by Program - Rev

	Current	Forecast Base	Governor's Revised
Program	FY 2013	FY 2015	FY 2015
Program: Administrative Hearings	67.9	66.2	66.2
Administrative Hearings, Office of	67.9	66.2	66.2

Administrative Hearings, Office of
Revenue Summary
(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Non Dedicated	DEPARTMENTAL EARNINGS	28			28
	Subtotal	28			28
Dedicated	DEPARTMENTAL EARNINGS		3,837		3,837
	Subtotal		3,837		3,837
Total		28	3,837		3,865